

July 25, 1994

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The Honorable Reed Hundt
Chairman
Federal Communications Commission
1919 M Street NW Room 814
Washington DC 20554

RE: Cable Competition Report
CS Docket No. 94-48

Dear Chairman Hundt:

I am writing this letter in support of the comments of the National Rural Telecommunications Cooperative (NRTC) in the matter of Implementation of Section 19 of the Cable Television Consumer Protection and Competition Act of 1992, Annual Assessment of the Statues of Competition in the Market for the Delivery of Video Programming, CS Docket No. 94-48.

Roseau Electric is a small electric cooperative located in northern Minnesota. We serve approximately 5200 members in which 90% have no access to cable television. In an effort to bring quality television service to our members we invested \$140,000 in DirecTV(TM) Direct Broadcast Satellite (DBS) television service. We are committed to bring a quality television service to rural America in which the city people have had access for years.

However, despite passage of the 1992 Cable Act, we find we do not have access to all the programming. This programming includes some of the most popular cable networks like HBO, Showtime, Cinemax, the Movie Channel, MTV, Nickelodeon and others is available only to my principal competitor, The United States Satellite Broadcasting Co. (USSB), as a result of an "exclusive" contract signed between USSB and Time Warner/Viacom.

In contrast, none of the programming distribution contracts signed by DirecTV (TM) are exclusive in nature, and USSB is free to obtain distribution rights for any of the channels available on DirecTV.

Roseau agrees with NRTC that these exclusive programming contracts run counter to the intent of the 1992 Cable Act. We believe the Act prohibits any arrangements that prevents distributor from gaining access to programming to serve non-cabled rural areas. Under the present circumstance if one of my DirecTV subscribers wishes to receive a Time Warner/Viacom product, that subscriber must purchase a second subscription to the USSB Service. This hinders effective competition, and as a consequence keeps the price of the Time Warner/Viacom channels unnecessarily high. It also increases consumer confusion at the retail level.

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Page 2

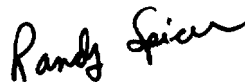
We have just started to install DSS dishes in our service area and already have had problems with members not understanding why they cannot purchase the premium movie channels from us. When we tell them we are not allowed to sell the programming and would have to purchase USSB they are completely puzzled. One member after checking USSB prices wanted to know why the price was so high when HBO is only \$7.45 per month or less in the C Band Market.

We believe very strongly the 1992 Cable Act flatly prohibits any exclusive arrangements that prevent any distributor from gaining access to cable programming to serve rural non-cabled areas. That is why we supported the Tauzin Amendment, embodied in Section 19 of the Act.

We ask the FCC to remedy these problems so that the effective competition requirements of Section 19 become a reality in rural America. I strongly urge you to banish the type of exclusionary arrangements represented by the USSB/Time Warner/ Viacom deal.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Randy Spicer".

R. E. Spicer
Assistant Manager

RES:dl

cc: Secretary Wm. F. Caton, FCC

Hon. James H. Quello

Hon. Rachelle B. Chong

Hon. Andrew C. Barrett

Hon. Susan Ness